RV BUSINESS

JANUARY 6, 1989

C8950-2

NHTSA May Force RVs to Meet Car-Safety Standards

A National Highway Traffic Safety Administration (NHTSA) proposal to reclassify van conversions and motorhomes may result in stringent new Federal Motor Vehicle Safety Standards (FMVSS) for RVs.

According to NHTSA officials, the reclassification, if adopted, would involve one of two proposed categories. In the first category, van conversions and motorhomes, which are now classified as multipurpose passenger vehicles (MPVs), would be reclassified as either vans or passenger cars. Under the proposed second category, all van conversions and motorhomes would be reclassified as passenger cars.

To be classifed as "vans," van conversions and motorhomes would have to meet the following NHTSA definition: have an unpartitioned cargo area and no body section, including the bumper, that extends more than 30 inches forward of the forwardmost point on the glazing within the windshield daylight areas.

Industry observers are quick to point out that, regardless of which classification vans and RVs are assigned, compliance with FMVSS codes that fail to take into account the unique characteristics of RVs would be difficult, if not impossible.

RVIA officials have urged NHTSA to distinguish RVs by adding a subcategory of vehicles defined as "special-purpose vehicles" or by establishing a separate and distinct vehicle class for motorhomes only.

Ed Conway, assistant general counsel for RVIA, suggested

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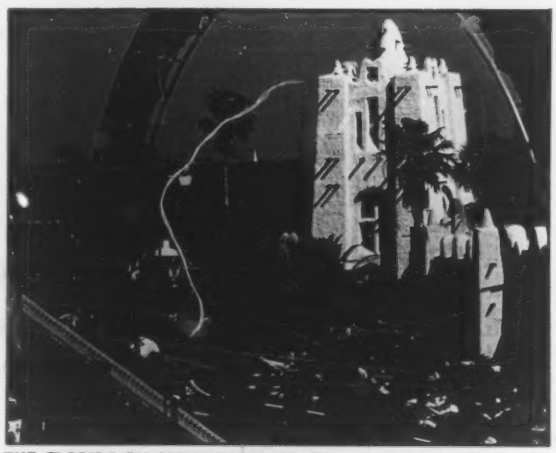

THE FLORIDA RV SUPERSHOW: FRVTA plans an event-filled five days at its annual show, where dealer and public attendance is expected to be a record-breaker. See page 51.

Louisville Show Reflects Upbeat Industry Attitude

A majority of exhibitors at the 26th Annual National RV Trade Show, Nov. 29-Dec. 2, reportedly did such brisk business at the Kentucky Fair & Exposition Center in Louisville, Ky., that many have revised their business outlooks upward for the 1989 model year.

"We had a great show," declared Ron Cleland, vice president of Mallard Coach Co. Inc., Nappanee, Ind., in assessing this year's Louisville Show. "I think everyone did, and that's really good news for us and the industry at large."

Attendance figures support manufacturers' positive assessment of the show. According to RVIA, total 1988 show attendance totaled 9,177, of which 4,527 were RV-dealer personnel representing an estimated 1,515 dealerships. That's a 2% increase in dealership participation compared with 1987.

The results of the presidential election may have been one contributor to the upbeat atmosphere. Elden L. Smith, senior vice president of the RV Group of Fleetwood Enterprises Inc., Riverside, Calif., indicated as much during a show-opening dealer breakfast. He said that President-elect George Bush and his Indiana running mate, Dan Quayle, offer the RV industry "unprecedented" access and a solid pro-business stance that could soon begin to combat the federal deficit. "We believe that, in the interest of keeping the economy moving ahead, Congress and the President will reach an agreement, and our industry will experience a flat to slightly-up market in early 1989, and a more improved market in late 1989 and 1990," said Smith.

As far as products on display by the 97 exhibiting RV manufacturers, there was no one unit

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12 WVRVA Holds 1st Convention

RV BUSINESS

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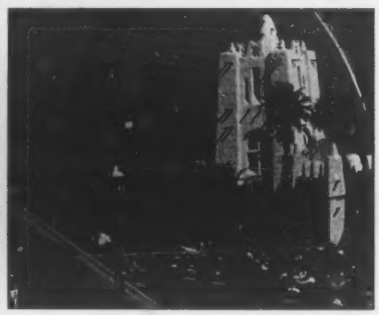

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COVER PHOTO: TAMPA/HILLSBOROUGH CONVENTION & VISITORS ASSOC. INC.

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As automakers strive for more credibility in the consumer marketplace, towing capabilities of units from Chrysler Corp., Ford Motor Co. and General Motors Corp. are converging.

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RVB sneaks a preview of FRVTA's supershow at the Florida State Fairgrounds, where more than 250 manufacturer and supplier exhibitors are expected to display their products; floorplans and exhibitor listings are included.

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'88 STREAK ENDED IN SEPTEMBER

MORTON J. MARCUS

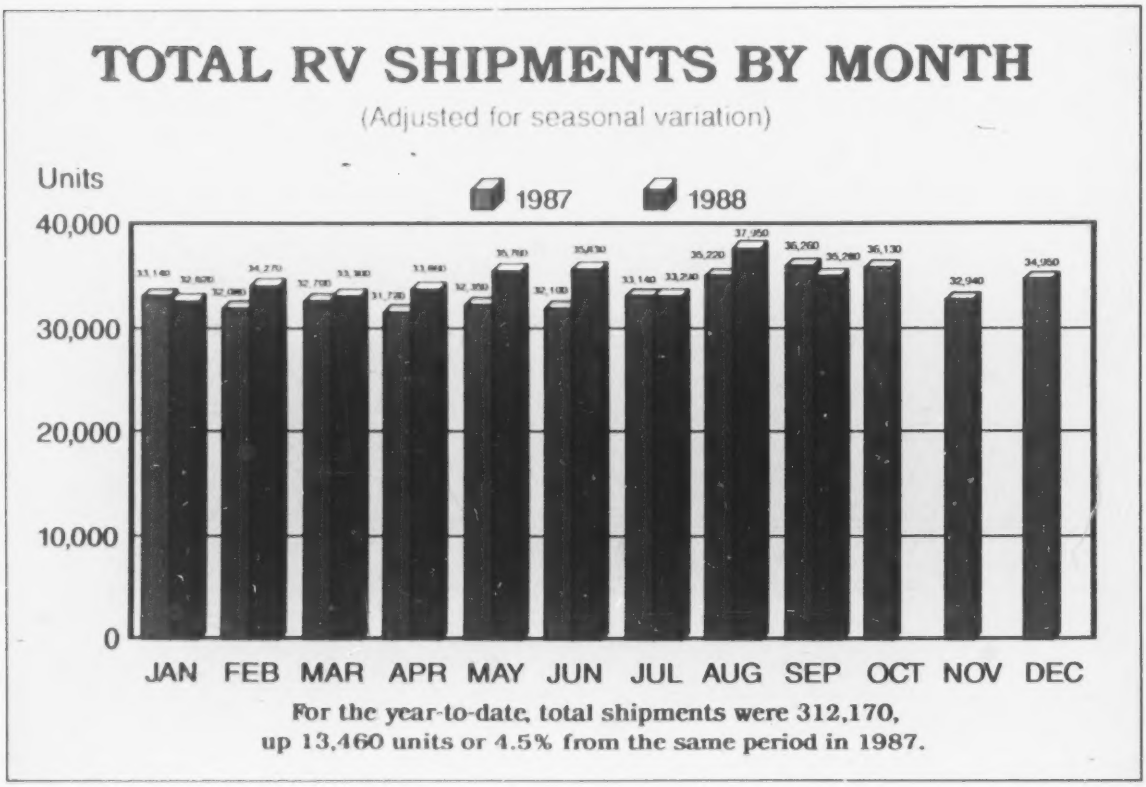


Figure 1

Weakness or Aberration?

Total shipments for September 1988 were down by nearly 5% from September 1987 and off by 7% from August 1988. As seen in Figure 2, this decline from the previous month was spread across a number of vehicle types. Conventional travel trailers were off 12%, fifth-wheels were down nearly 9%, folding camping trailers fell by 4%, truck campers were down almost 8%, van conversions were off 15%, and low-volume Class B van campers were down 33%. All were below their August levels.

We would be concerned if such tendencies should persist, but month-to-month changes are not critical variations. In addition, park models were up 14%, Class A motorhomes advanced 22%, and all three Class C model types gained compared with

GRAPHICS: CUSTOM COLOR VISUALS

September 1987.

As noted above, 1988's third quarter came in at 106,520 units. The quarter was composed of three months with greatly varying performance. July came in at 33,290 units; August was a very strong month at 37,950 units; and September came in at 35,280. That averaged out to 35,510 units shipped, or just about the same as the second quarter 1988 average of 35,150 units. In other words, the industry shows much more stability when seen in some perspective than when viewed on a monthly basis.

Monthly data suffer from the problems of arbitrary boundaries. If the first and last weeks of August had strong shipments, with the first weeks showing delay shipments from July and the last weeks just as well taking place in September, then we end up with a heavy load of shipments reported in one month and lesser amounts counted for the bracketing months. It is best not to give too much attention to such detail.

Some Basic Trends

The basic facts for 1988, after three-quarters of the year was over, were:

- Towables and van conversions were running ahead of their 1987 volume levels.
- Motorhomes were down slightly from their 1987 pace.
- Van conversions were accounting for 76% of the growth in the market and moving once again toward being half of the total industry volume. *(See Figure 3.)*

In a longer-run perspective of the situation, it was clear that the industry's various vehicle segments are not subject to the same influences and that their behavior varied widely. *(See Figure 4.)*

If we take the first quarter of 1986 as a reference point, we can see that motorhomes climbed rapidly in volume, peaking a year ago in the third quarter of 1987 at nearly 40% above the level of early 1986. In the third quarter of 1988, motorhomes were 26% above the start of 1986.

Towables, by contrast, did not surpass the first quarter of 1986 until the last quarter of that year and have been less volatile than motorhomes in the past two years. By the third quarter of 1988, they had receded from a peak of 18% ahead of the starting point in Figure 4 and stood at a level 12% better than that of the first quarter of 1986.

Van conversions did not improve on their performance in the first quarter of 1986 until more recently. Only in the last two quarters of 1988 did they cross the 100 (or base) line in Figure 4 and, as of September 1988, conversions stood just 8% ahead of the first quarter of 1986.

If we were to show the data in more detail, for each type of RV, it would be very evident that the industry is composed of market segments which do not perform like bears or seals in a circus. Each segment has a pattern of performance that sets it apart from others in the industry. Streaks and other phenomena make interesting reading, but they often divert attention from important trends. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

INDEX OF QUARTERLY SHIPMENT CHANGES
(1st Quarter 1986 Base Period)

Quarters/Years		Total RVs	Towables	Motorhomes	Van Conversions
1st	1986	100.00	100.00	100.00	100.00
2nd		98.04	92.64	114.67	96.55
3rd		101.37	98.53	118.81	97.89
4th		102.02	111.58	126.76	87.73
1st	1987	102.91	109.25	115.86	94.50
2nd		101.07	103.56	119.63	93.56
3rd		109.95	114.72	137.96	97.92
4th		109.32	118.21	128.33	97.28
1st	1988	105.29	114.97	112.21	96.48
2nd		110.83	114.82	125.89	103.38
3rd		111.95	111.61	126.30	107.70

Figure 3

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.00	100.00
Travel Trailers:		
Conventional	13.93	14.89
Park Models	1.81	1.68
Fifth-wheels	7.46	6.57
Folding Camping Trailers	9.98	10.25
Truck Campers	2.60	2.49
Motorhomes:		
Class A	9.95	10.09
Class B Van Campers	1.22	1.77
Class C:		
Minis	5.04	5.13
Low Profiles	0.51	0.62
Micro-minis	0.61	0.96
Multiuse Van Conversions	46.88	45.56

Detail may not add to total because of rounding.

Figure 2

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE OF UNITS	SEP 1988	PERCENT CHANGE FROM AUG	YEAR-TO-DATE 1988	1987	PERCENT CHANGE
Total RVs	35,280	-7.0	312,170	298,710	4.5
Travel Trailers:					
Conventional	4,520	-12.1	43,490	44,480	-2.2
Park Models	600	14.3	5,640	5,020	12.3
Fifth-wheels	2,510	-8.6	23,290	19,620	18.7
Folding Camping Trailers	3,370	-3.9	31,160	30,600	1.8
Truck Campers	930	-7.7	8,130	7,440	9.3
Motorhomes:					
Class A	4,040	21.8	31,060	30,140	3.1
Class B Van Campers	370	-33.1	3,800	5,280	-28.0
Class C:					
-Minis	1,920	4.0	15,740	15,330	2.7
-Low Profiles	270	10.7	1,610	1,840	-12.9
-Micro-minis	210	9.9	1,900	2,860	-33.5
Multiuse Van Conversions	16,540	-12.9	146,350	136,080	7.5

Note: Percentages are computed from unrounded data.

Figure 4

DEALERS RATE OCTOBER A 'DISAPPOINTMENT'

GAYLORD MAXWELL

Compared with the same month of the previous year, October 1988 was disappointing for many dealers. Sixteen (70%) of the 23 members of RVB's Dealer Advisory Board (DAB) were off 1987's pace in dollars taken in during the month. Four of the five RV types were down in both new- and used-unit sales. Total unit sales were down in both categories.

Profits also tended to be on the low side last October, with most DAB members marking them as only fair. Lot traffic was rated on the low to average side, and new buyers were scarcer than normal. Even the larger DAB dealerships found relatively "lean pickings" in October.

Year-to-date, the '88 picture was better. Although the number of DAB members on the plus side in sales volume declined in the previous couple of months, more than half of them were still ahead of 1987. Two RV types were still ahead of 1987 in new-unit sales (motorhomes and fifth-wheels), and two were up in used (folding camping trailers and fifth-wheels). Although year-to-date figures for both new and used units sold in 1988 fell behind those for the previous year, the differences were small.

Contrary to what has been the trend during most of 1988, with only one exception, the big dealers on the DAB took it on the chin relatively harder than the smaller guys did in October. Lower motorhome sales delivered the blow.

There was no specific cause for the October letdown: no unusual weather, no economic disasters, no world-shaking events.

Motorhomes

Most of the extraordinary plunge in new motorhome sales was suffered by the large DAB dealerships. With only one exception (and that dealer was up by one unit), the "biggies" were down – some drastically. The total drop of 42 units for the month accounted primarily for the nearly $2 million drop in sales volume. Whether significant or not, the fact was that Class A's outsold C's 3-to-1 during the month.

The drop in used motorhome sales wasn't as drastic, but the 11% decrease was a relatively high figure for that category.

Year-to-date, the numbers were more positive. New-unit sales were still well ahead of '87, and the used category was barely in the minus column. Perhaps October was a fluke that will be corrected by the figures to be reported in the remaining months of 1988.

Travel Trailers

For the first time in recent RV sales history, this category got the only plus rating for new-unit sales in our monthly report. October was far from a boom month, but the fact that, in spite of the general downturn, trailer sales still managed to show an upturn was welcome news to travel-trailer dealers. Additional good news was that profits were generally considered good.

Used sales didn't fare so well; they were down considerably from the previous October. Weaker sales in used trailers and motorhomes accounted for the report of fewer new buyers.

Year-to-date, trailers were still a bit down in both new and used sales. However, good sales in the two remaining months of '88 could change that picture.

Truck Campers

Only three DAB dealers reported new camper sales in October vs. five in October of the previous year, and two of those were down. Although the percentage drop was great, the actual unit drop was not, due to the fact that our report was based on such small numbers. (In our defense regarding that problem, we have not been successful in obtaining suitable and willing reporters for that RV type. Want to help?)

Used-unit sales fared better for the month. We also noted that more dealers seemed willing to sell used campers.

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	OCT. 1988	OCT. 1987	% CHANGE	1988	1987	% CHANGE	OCT. 1988	OCT. 1987	% CHANGE	1988	1987	% CHANGE
MOTORHOMES	113	155	−27	1,549	1,413	+10	115	129	−11	1,395	1,424	− 2
TRAVEL TRAILERS	95	90	+ 6	1,131	1,176	− 4	82	105	−22	1,103	1,119	− 1
TRUCK CAMPERS	14	21	−33	184	212	−13	12	12	0	103	118	−13
CAMPING TRAILERS	25	29	−14	926	1,074	−14	15	16	− 6	360	330	+ 9
FIFTH-WHEELS	26	30	−13	330	282	+18	9	14	−36	205	178	+10

	FOR MONTH			YEAR-TO-DATE		
	OCT. 1988	OCT. 1987	% CHANGE	1988	1987	% CHANGE
SALES VOLUME	$10,541,986	$12,283,731	− 7	$133,663,706	$125,255,696	[illegible] 3
TOTAL UNIT SALES	506	601	−16	7,286	7,326	< [illegible]
NEW-UNIT SALES	273	325	−15	4,120	4,157	< [illegible]
USED-UNIT SALES	233	276	−16	3,166	3,169	< [illegible]

The "DAB Perspective" is a compilation of data provided by *RV Business*' Dealer Advisory Board, a group comprised of 24 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; **Dave Altman,** Baldwin Park, Calif.; **Robert Azevedo,** Sunnyvale, Calif.; **Jack Cole,** Pacoima, Calif.; **Dick Dasson,** Victor, N.Y.; **Bill De Groot,** Junction City, Ore.; **Crosby Forrest,** Newport News, Va.; **Dan Gamel,** Fresno, Calif.; **Jerry Greer,** Columbus, Ohio; **Jerry Harrison,** Waco, Texas; **Dottie Holgeson,** Seattle, Wash.; **Newton Kindlund,** Orlando, Fla.; **Ozzie Lenhard,** Sayville, N.Y.; **Larry McClain,** Oklahoma City, Okla.; **Annette Autry-Miller,** Fayetteville, N.C.; **Jack Moran,** Warwick, R.I.; **Mike Peay,** Albuquerque, N.M.; **Edward Peterson,** Lafayette, Ind.; **William Pifer,** Warren, Mich.; **Tom Schaeffer,** Shoemakersville, Pa.; **Mel Shipp,** Chattanooga, Tenn.; **Jack Sisemore,** Amarillo, Texas; **Bill Thomas,** Bridgeton, Mo.; **Randy Thompson,** Crystal Lake, Ill.; **Larry Washburn,** Lakewood, Colo.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

DAB PERSPECTIVE *continued*

Folding Camping Trailers

October is definitely not the time of year for folding camping trailer sales, and our report showed it. Consistent with the year-to-date figures, new-unit sales were still off 14% for our DAB dealers of this RV type. Profits weren't strong, with most ratings in the fair to poor categories.

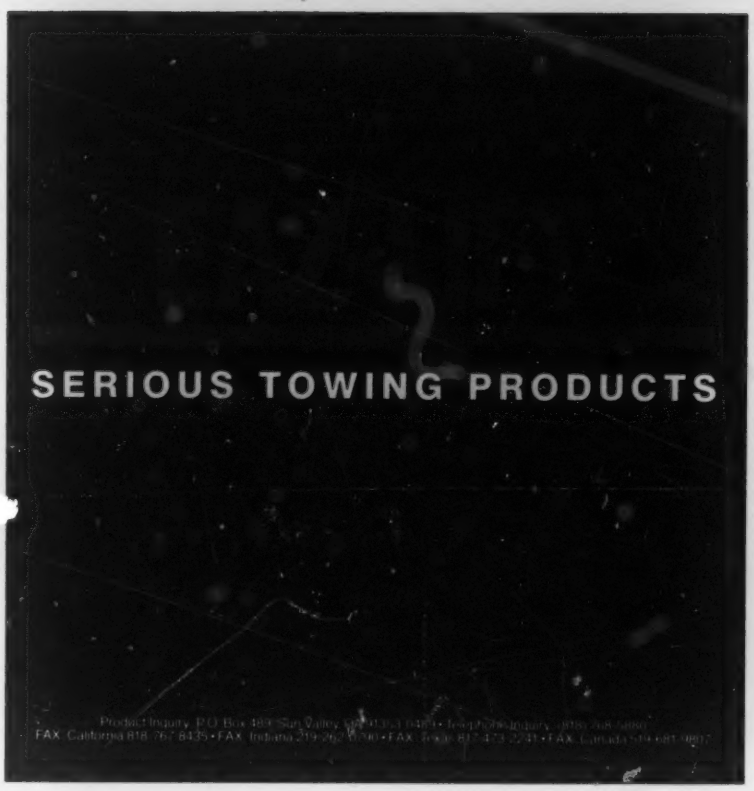
Used sales picked up considerably in 1988. Unlike a decade ago, most dealers now are willing to take fold-downs in trade and offer them for resale. Thus, fold-downs were one of the two RV types still in the used-unit plus column for the year-to-date.

Fifth-wheels

Even the mighty fifth-wheels, which had shown such great success earlier in 1988 with our DAB, skidded in October in both new and used sales. The drop in units was actually quite small (four for new and five for used), but the percentage declines were more impressive.

For the year-to-date, however, both new and used fiver sales were still well above 1987 figures – the only vehicle category to achieve that distinction.

Profits still remained quite good – ranging from excellent to fair. Δ



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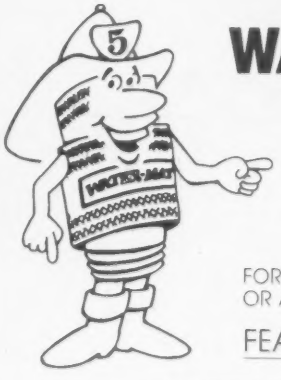

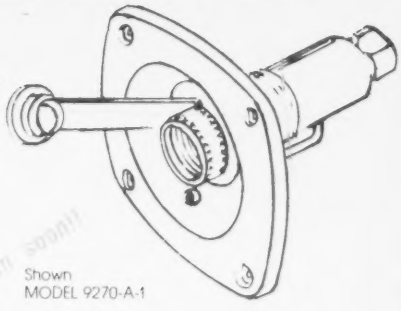

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